



MASSACHUSETTS  
WATER POLLUTION ABATEMENT TRUST

Steven Grossman, Chair  
Sue Perez, Executive Director

**Request for Responses to serve as  
*Senior Managing Underwriter*  
for the Trust's 2014 Refunding Series Bonds**

**January 15, 2014**

**CONTACT PERSON:**

Bernard Greene, Procurement Manager – [bgreene@tre.state.ma.us](mailto:bgreene@tre.state.ma.us)

**INFORMATION ABOUT THIS RFR**

- 1. Introduction.** The Massachusetts Water Pollution Abatement Trust (“the Trust”) requests responses from public finance investment banking and underwriting services firms that are currently pre-qualified by the State Treasurer’s Office (“Firms”) to serve as Senior Manager for a negotiated offering of 2014 Refunding Series Bonds tentatively scheduled to close in April 2014. The Trust intends to select a book-running senior manager and, possibly, one or more co-senior manager(s) from the responding Firms. The Trust reserves the right to include all pre-qualified senior managers as co-senior managers and all pre-qualified co-managers as co-managers for this transaction. The Trust reserves the right to include or exclude any Firm, and to move Firms into different underwriting groups for a given sale at its discretion (and will make any such decisions based on the responses to this submission). For example, Firms pre-qualified to the co-senior manager group may be selected to serve as the book-running senior manager if they provide a unique financing idea or service that is beneficial to the Trust and have demonstrated a capacity to serve as a book-running senior manager.

For a detailed description of the Trust and its programs, see the Official Statement and Bond Resolution for the Trust’s Program Bonds, Series 17 and the Trust’s Program Resolution on the Trust’s website at <http://www.mass.gov/treasury/affiliated-prog/wpat/>.

- 2. Schedule.** The following is the tentative schedule for the Trust’s selection of a Firm to serve as senior managing underwriter for the Trust’s 2014 Refunding Series Bonds. This schedule is subject to modification by the Trust.

Issuance of RFR:	January 15, 2014
Question Submission Deadline	January 23, 2014 at 3:00 pm EST
Question Response Deadline:	January 30, 2014

**RFR Response Deadline:**

**February 12, 2014 at 4:00 pm EST**

**Oral Interviews (If Needed):**

**February 26 – 27, 2014**

**Approximate Selection Date:**

**March 5, 2014 (*board meeting*)**

- 3. Terms of the State Treasurer’s Office (STO) RFQ to Apply.** The terms and conditions of the STO RFQ dated March 15, 2012 and Firms’ response thereto, including all exhibits and appendices, shall apply to this RFR and shall be used in the evaluation of responding Firms, except for the Cost Response, or as otherwise indicated herein.
- 4. Scope of Services.** The scope of services to be provided by the book-running senior manager, any co-senior managers and co-managers are those outlined in the STO RFQ Section IV. C. SCOPE OF SERVICES, substituting “the Trust” in place of “the Commonwealth” in all relevant items. Note that the Trust’s program counsel will prepare the preliminary official statement, the official statement, and any revisions to the Trust’s Continuing Disclosure Certificate.
- 5. Questions.** Firms responding to this RFR that have questions related to this RFR must email their questions to the Contact Person no later than the Question Submission Deadline date of January 23, 2014. The Trust’s responses to the questions will be posted on Comm-PASS by the Question Response Deadline of January 30, 2014.
- 6. Comm-Pass.** Comm-PASS is the Commonwealth of Massachusetts’ online procurement website and can be found at [www.comm-pass.com](http://www.comm-pass.com). Comm-PASS will be the primary site for any amendments, modifications, clarifications, or other information related to this RFR. The Trust also intends to post information on this RFR on its website as a convenience, but Firms responding to this RFR are advised to use Comm-PASS as their primary source for information and updates. Respondents are solely responsible for obtaining and completing required attachments that are identified in this RFR and for checking Comm-PASS for any addenda, amendments, or modifications that are subsequently made to this RFR or attachments. The Trust accepts no liability and will provide no accommodation to Firms that fail to check for amended RFRs and submit inadequate or incorrect responses.
- 7. Minimum Qualifications.** Pursuant to STO’s RFQ Section V. B. MINIMUM QUALIFICATIONS, in order to maintain minimum qualifications, each Firm is required to provide the STO with a new Legal Disclosure Certificate every January and June for which the STO maintains the current pool of pre-qualified underwriting firms. Such disclosure should include disclosure of any new actions brought against the Firm subsequent to its initial disclosure at the time of the Firm’s submission of its Statement of Qualifications, or any subsequent disclosures. Please provide as part of your Firm’s response to this RFR, a copy of the January 2014 new Legal Disclosure Certificate provided to the STO.
- 8. Communication.** Firms that intend to respond to this RFR are prohibited from contacting any employee of the Trust or the STO regarding any matters related to this

RFR, except the Contact Person, from the date of this RFR and continuing until the selection process is concluded. In addition, this prohibition shall also apply to any employee of the Trust's current investment advisor/broker, program counsel, bond counsel, financial advisor, or bond/program trustee in relation to this RFR. Any questions, technical inquiries, or other communications related to this RFR are required to be addressed only to the Contact Person. Failure to observe this prohibition shall be grounds for disqualification.

- 9. Response Submission.** Firms must submit four paper copies of the Response and one electronic copy as a .pdf file. One of the paper copies must be an original signed copy. The four paper copies must arrive at the Trust no later than 4:00 p.m. on the RFR Response Deadline, February 12, 2014, at the following address:

Massachusetts Water Pollution Abatement Trust  
3 Center Plaza, Suite 430  
Boston, MA 02108  
Attention: Bernard Greene

- 10. Contents of the Response.** To be considered complete, each copy of the Response must include the following:

**a. Cover Letter.** The Response must include a cover letter, no longer than two pages, signed by the member of the Firm that will have the primary responsibility for the engagement ("Firm Signatory") that includes relevant introductory information. By signing the cover letter, the Firm Signatory, on behalf of his or her Firm, irrevocably offers to provide the services envisioned by this RFR, and if selected, agrees to the terms and conditions of this RFR, including the terms and conditions of the STO RFQ dated March 15, 2012, all of which shall become a part of the contract between the Trust and the selected Firm, and certifies that the statements made and the documents included in the Response are true, accurate and complete. Each responding Firm's offer shall be deemed to remain outstanding until 20 calendar days after the final Award Date.

**b. Answers to Questions.** The Response must include an answer to each of the Questions listed below in Item 12 within the page limits as noted below

- 11. Procurement Management Team.** The Executive Director of the Trust, the Treasurer of the Trust, and the Program Manager of the Trust will comprise the Procurement Management Team ("PMT") and will evaluate the Responses. The PMT will make its recommendation to the Board of Trustees for approval. The PMT will select the Firm(s) that best meets the needs of the Trust using the Evaluation Criteria described below in Section 14 below. PFM, the Trust's financial advisor, will provide advice to the PMT in evaluating the Responses.

## 12. Questions.

- a. **Personnel. (Please limit response to two pages. Resumes may be included as an appendix.)** Please identify the personnel that will comprise your team. Please provide a brief description of the relevant experience of each individual including their education, knowledge and technical abilities, the role each will serve, their title and their office location.
- b. **Recommended Refunding Transaction. (Please limit response to three pages. Any structure schedules you may wish to include may be included as an appendix.)** Please provide a description of recommended refunding opportunities for the Trust indicating the proposed structure of the transaction, the anticipated savings, and any key features of the proposed transaction. Please provide the Trust with the market rates you have assumed for your analysis. For purposes of structuring, please assume the market rates as of January 15, 2014.

The Trust has provided on its website the following detailed information for Firms to use as they evaluate refunding opportunities for the Trust taking into consideration savings as well as risk mitigation and prudent management of arbitrage liabilities.

<http://www.mass.gov/treasury/affiliated-prog/wpat/>

- i. **Borrower Payments** – cash flow schedule by Series by payment date
- ii. **Contract Assistance Payments Available for Debt Service** – cash flow schedule by Series by payment date
- iii. **Debt Service Reserve Fund (DSRF) Earnings** – cash flow schedule by Provider, by Series, by payment date
- iv. **Deallocation Schedule** – schedule of required cash flows returning to program equity by Series by payment date
- v. **Debt Service Payment** – cash flow schedule by Series by payment date – one schedule of principal only, interest only and combined principal and interest
- vi. **Schedule of Outstanding DSRF balances by Provider** – detailing recent credit rating, outstanding balance as of 12/31/13 by Series, GIC yield, final maturity date and collateralization
- vii. **Copies of all GIC Contracts**
- viii. **Detail of UST and Agency portfolios** by individual cusip and purchase cost
- ix. **Additional information to be considered in evaluating and proposing refunding opportunities**
  - 1. **Series 13 Arbitrage Rebate Liability Forecast** - On December 1, 2016, the Trust anticipates having to rebate to the IRS over \$18 million. This is related to the termination of the FSA/Dexia guaranteed investment contract (GIC) on December 19, 2011, the termination proceeds of which were used to purchase open market securities equal to the value of the GIC investment on that date. The deemed termination payment amount was \$27,868,000.

**2. 2004 Refunding Bonds** – The 2004B Refunding Bonds become callable on February 1, 2014, while the 2004A Refunding Bonds are not redeemable prior to maturity. The 2004 A & B Refunding Bonds are secured by a bond-funded 2004 Debt Service Reserve Fund (DSRF) with FSA, that currently has \$48,538,500 on deposit. The Trust can withdraw all or a portion of the DSRF in accordance with the governing Trust Agreement. The DSRF is tied to 10% of the outstanding par amount of the 2004 A & B Bonds. Accordingly, the Trust could partially withdraw the monies in the DSRF proportional to the 2004B Refunding Bonds refunded.

- b. Minimize Trust Borrowing Costs and Refinancing – (Please limit response to two pages.)** - Indicate what changes (if any) the Trust should consider to minimize the cost of borrowing, either in the short or long run. Recommend whether the Trust should consider changes to the typical structure or terms of its bond issues, the use of other products, refunding strategies, etc. Discuss the risks associated with your recommendations and how the Trust can manage such risks.
- c. Programmatic/Structuring Changes – (Please limit response to two pages.)** Describe any significant innovations your Firm has made in the area of SRF bond issues or other pooled or structured finance bond issues. What changes, if any, would you recommend in the Trust's existing program and bond structure? What other aspects would have to be considered (specifically in terms of timing) for the implementation of such changes?
- d. Marketing, Distribution and Underwriting Abilities – (Please limit response to two pages.)** Describe any unique techniques that your Firm would propose to maximize the sales and distribution of bonds. In the absence of orders for the bonds, describe your Firm's ability to underwrite unsold balances.

**13. References.** The Trust may contact the references that Firms provided to the STO in their response to the STO RFQ. Firms may also provide updated references that may be more relevant to a state revolving fund program, to the Trust in their responses.

**14. Evaluation Criteria.** The Trust is seeking detailed and creative proposals from Firms. Evaluation criteria will include:

- a. Financing Strategies:** Responses should demonstrate thoughtful and creative financing strategies balancing various factors that should include savings, risk mitigation and prudent management of arbitrage liabilities.
- b. Financing Structure:** Responses should include recommended bond structures designed to allow the Trust to aggressively sell its bonds to keep its borrowing costs as low as possible while maximizing the future structuring flexibility and minimizing risks of the existing program.

- c. **Underwriting, Marketing and Distribution Ability:** Each Firm's response should demonstrate the ability and describe the skill of the Firm to market and distribute the bonds.
- d. **Firm SRF Experience and Underwriting Strength:** Responses should demonstrate significant experience underwriting complex, multiple participant revolving loan financings, in particular, state revolving loan programs similar in nature to the Trust's programs. The Response should demonstrate the availability of sufficient, qualified and experienced professional personnel, with preference given to personnel experienced in providing the services contemplated by this RFR.
- e. **Overall quality of the proposal, including any oral presentation.**

The Trust reserves the right to consider other factors, including information that may not be provided in the proposals if it deems the information relevant to the evaluation and selection process.

The Trust reserves the right, but is not obligated, to waive or modify any irregularities in the Responses received.